

Santa Clara



City of Santa Clara, California



**DATE:** April 19, 2007

**TO:** City Manager/Executive Director for Council/Redevelopment Agency Information

**FROM:** Deputy City Manager

**SUBJECT:** Correspondence Received Regarding the Proposed Football Stadium as of April 19, 2007

For the period of February 3, 2007 through April 19, 2007, the Mayor and Council Offices, City Manager's Office and other City departments and municipal addresses have received additional emails, phone messages, and letters from residents or others regarding the proposal for a 49ers football stadium. The letters were in support, expressing concerns or opposition, or not articulating a position. The recent correspondence/communication is attached to this Agenda Report. The amount of prior correspondence/communication, previously forwarded to the City Council, is also summarized below. Where possible, staff is responding to residents to provide a status of the issue, clarify information, or correct misinformation. These communications were received prior to the City's receipt of the 49ers stadium proposal.

	Support	Concerns/ Opposition	No Opinion
02/03/07 – 04/19/07	2	27	2
02/03/07 – 02/06/07	5	-	-
01/10/07 – 02/02/07		2	2
11/11/06 – 01/09/07	5	14	-

Approved:

*Carol McCarthy*  
Carol McCarthy  
Deputy City Manager

*Jennifer Sparacino*  
Jennifer Sparacino  
City Manager

*Documents related to this Report: Letters/Emails/Messages*

>>> Tom Padula <[tpadula@apple.com](mailto:tpadula@apple.com)> 3/19/2007 1:46 PM >>>  
Ms. Mayor and Members of the City Council-

As a homeowner in Santa Clara, I am most disturbed by the reports in the news of the possible use of Silicon Valley Power reserve assets as an enticement to the San Francisco 49ers to move to our city.

Silicon Valley Power is a model system, not only keeping rates reasonable in stormy times, but in its forward-looking goals of renewable, clean power. SVP has that money in reserve for a good reason, and they should not be penalized for their efficient management of their resources. I, for one, would prefer that SVP use that money as they have in the past - as a cushion against hard times and as a pool from which to draw funds for modernizing and further cleaning of the city's power sources.

Overall, the city should not be offering any funding beyond the land use it has already proposed. Having seen what other cities have had to spend in order to attract and retain major league teams, I would suggest that this is not an arena in which Santa Clara can afford to play. Professional athletic teams and their facilities have proven time and again to be costly beyond all initial estimates. Any kind of monetary assistance given to the athletic organization simply becomes the camel's nose for more such "needs" later on.


Clearly, it is possible that the 49ers organization is simply using our city as a bargaining chip with San Francisco. As the chip in the pot, it is not in our best interest to attempt to overvalue ourselves.

I would much rather see the city's funds and efforts put to the use for which they were intended, that is, improving the quality of life of its citizens and communities.

Thank you for your time.

Sincerely,  
Tom Padula

Tom Padula  
311 Maria St.  
Santa Clara, CA 95050  
[tpadula@apple.com](mailto:tpadula@apple.com)



3-19-07

Mrs.  
Mrs. Mary Lou Campi  
2601 Pepperwood Ln.  
Santa Clara, CA 95051-6236

Don't even think of  
giving Santa Clara Municipal  
Money to the 49ers! They are  
not important ~~enough~~, and  
neither is their team.

We don't need them.

**RECEIVED**

MAR 22 2007

OFFICE OF THE MAYOR  
CITY OF SANTA CLARA

Mary Lou Campi

>>> "Wesley Dudzinski" <[wes@NetNut.org](mailto:wes@NetNut.org)> 3/20/2007 12:22 AM >>>

Dear Mayor and Council Members,

During my 18 years residence in our city, I have never written to you yet. However, the 49er Stadium plans are too important to keep quiet. I would like to express my strongest opposition to spending ANY public funds on this project. If the 49er's would like to have a stadium in Santa Clara they will have to pay for it themselves. I would rather spend our money elsewhere and I am sure that you have plenty of good causes to provide the services to the less fortunate town residents.

Please vote against spending any public funds in the form of cash, land, grants, subsidies or any other direct or indirect transfers to the team owners. They are already wealthy enough.

Regards.

Wesley Dudzinski  
980 Kiely Boulevard Unit 318  
Santa Clara, CA 95051-5011

>>> Mary Emerson <[mary@ducky-d.net](mailto:mary@ducky-d.net)> 3/20/2007 10:46 PM >>>

As a long-time resident of Santa Clara, I am frequently asked if Santa Clara is a good place to live. Top on my list of "Really Good Reasons to Live in Santa Clara" is our very own municipal power company, Silicon Valley Power (SVP). While the rest of Silicon Valley was reeling over rolling brown-outs, we were comfortably reading our unusually low electric bills. SVP is well managed, and continues to maintain a buffer to protect us against the vagaries of the energy market.

The NFL would like to change all that. Santa Clarans are smart enough to realize that there is no such thing as a free ball park. Even if the 49ers come up with a proposal that does not explicitly impose taxes, you can be sure they will tap our pocket books, and jeopardize our access to clean, reasonably priced electricity.

While I am generally neutral about bringing the 49ers to Santa Clara, I am absolutely against securing their stadium with public land, redevelopment bonds or SVP reserve funds. Professional football is big business, and needs to pay its own way.

Regards,

Mary Emerson

1515 Newhall St.  
Santa Clara, 95050

**From:** Carol McCarthy  
**To:** Kim Fettahlioglu  
**Date:** 3/21/2007 8:53 AM  
**Subject:** Call received from resident RE: football stadium - Tom

Thank you for forwarding. I will save this note in the file of correspondence on this topic and assume you will provide a copy to the Mayor.

>>> Kim Fettahlioglu 3/21/2007 8:39 AM >>>

I received a call this morning from a resident stating that it is incredible that the Mayor would even consider taking funds out of SVP for the football stadium. He is concerned that his rates will go up.

He left only "Tom" when I asked for a name.

...Kim

>>> jenifer Cost <[jeni4c@yahoo.com](mailto:jeni4c@yahoo.com)> 3/23/2007 12:28 PM >>>

Although my husband and I are Forty-Niner fans, and former season ticket holders, we are opposed to using city money, or Silicon Valley Power money to finance a new stadium in our city. We urge you to insist that the football team stand on its own two feet when it comes to financing.

Jenifer and Jud Cost  
Residents since 1965

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[http://advision.webevents.yahoo.com/mailbeta/newmail\\_tools.html](http://advision.webevents.yahoo.com/mailbeta/newmail_tools.html)

>>> "Donald P. Buchanan" <[dbuch981@msn.com](mailto:dbuch981@msn.com)> 3/24/2007 3:56 PM >>>  
Mayor & Council Members

City of Santa Clara, California

Before the smoke clears and we have committed the rest of our city's reserve funds (in addition to the \$200K analysis already) it seems sensible to examine just why the ballclub can't come up with their own financing package. One would think after all, giving them the space would be enough since this alone would be unheard of for any other suggested business. The rest should be up to them --- go to the bank and get a loan like anyone else.

But other business or lending institution would readily see a direct connection between excessive employee costs and their ability to expand. For some reason though we feel this is an inappropriate issue, even if they are consistent losers ? Could this be why they can't get a loan ?

Interesting too, with the worlds concentration of billionaires living right here in the south bay, that these rich folks haven't all clamored and scrambled to invest in this band wagon like many of our city leaders are willing to have the City do . . . or is it, maybe these rich folk see something stupid ?

It's always been easier to spend other people's money on pipe dreams . . .

Donald P. Buchanan

[dbuch981@msn.com](mailto:dbuch981@msn.com) <<mailto:dbuch981@msn.com>>

2637 Kerryshire Lane

Santa Clara, California 95051-1228

408/246-6618



>>> <Ampmanrepairs@aol.com> 3/27/2007 7:09 AM >>>

Hi,

I'm a long term Santa Clara resident. I strongly oppose the raising of our SCMU bills or any other increase or tax to assist the move of the 49ers to Santa Clara. This would be an unfair burden to all SC residents, not to mention those on fixed incomes. If there are residents that want the team here, let them donate out of their own pocket, without burdening other residents. The added traffic in this area will also be unwelcome to many residents and commuters. If our city council really believes that the 49ers moving to Santa Clara would benefit the city and its residents, let the 49er organization pay for all their expenses, 100%. They can afford it more than our citizens. A decision to force residents pay for their expense would be shortsighted and unfair.

John Borg<BR><BR><BR>\*\*\*\*\*<BR> AOL now offers free email to everyone. Find out more about what's free from AOL at <http://www.aol.com>.</HTML>

>>> Daniel Lewis <[danlewis@yahoo.com](mailto:danlewis@yahoo.com)> 3/28/2007 8:35 AM >>>  
Jennifer Sparacino,

Any 49ers stadium built in Santa Clara is of little value to residents. In fact, the residents are the ones who must put up with the increased traffic and crime.

The financing for the stadium should come from increased business fees & taxes to the companies likely to benefit the most, such as hotels, parking structures and restaurants.

Regards,  
Daniel Lewis  
4427 Billings Circle, Santa Clara, CA 95054

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**Carol McCarthy - Fwd: No to 49er's in Santa Clara**

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**From:** Kim Fettahlioglu *Mayor and Council @*  
**To:** Carol McCarthy  
**Date:** 3/28/2007 9:15 AM  
**Subject:** Fwd: No to 49er's in Santa Clara  
**Attachments:** Fwd: No to 49er's in Santa Clara

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We are football fans.  
In fact we are 49er fans.  
But we are not in favor of paying for their stadium.  
We are residents of the City of Santa Clara.  
This is where we own our homes.  
This is where we send our children and grandchildren to school.  
This is where we shop.  
This is where we pay our taxes.  
These are our utility funds that you are talking about.  
We do not want to pay one penny to the 49er's and their Stadium.  
We love the 49er's but we cannot afford to pay for their wealth.  
Don't be mislead.  
We will not even get a sniff of a stadium seat.  
There are others out there who feel like me.  
Who and where are you.  
We want to join together and let our options be heard.  
Don't give me the blah blah blah, more taxes for the city more revenue, more jobs.  
Yeah, seasonal minimum wage jobs.  
We do not want or need your stadium traffic and crime.  
We do not want the extra cost of policing the area and events.

Thank you,  
Steve Bajkowski and Family

P.S. We love the San Francisco 49er's. Let them stay in San Francisco or another city between Santa Clara and San Francisco.

>>> "Kevin Trieu" <[Kevin.Trieu@xilinx.com](mailto:Kevin.Trieu@xilinx.com)> 3/28/2007 3:30 PM >>>

To Whom it may concern:

We've heard the news regards the proposal of utility rate increase to compensate the cost of building 49ers stadium. We're writing to you that the **proposal is totally unacceptable**. Moving 49ers home to Santa Clara City is not only leaving us more problems, namely traffic congestions, overcrowded, safety/criminals, ...but also cause us to pay higher bill on top of high cost living. We're open-minded to welcome more businesses, entrepreneurs, visitors to our town, but not invited more issues & problems that burden us more. The City council and 49ers representatives need to work out the resolution your own that DO NOT leave us with responsible for those funds compensation or any issues.

Thanks,

Kevin, Sugi, Helen, Yasmin, Henry, William, Brian, Benjamin, Nelson,  
Silvia, Raymond, Rachel, Lena, Mark, Steven, Mike,.....

>>> Kevin <kmt1010\_ca@yahoo.com> 3/28/2007 5:57 PM >>>

To whom it may concern:

We, in south bay cities, have comments regards 49ers stadium. We totally disagree the idea of putting burden on our cost living to bring 49ers in Santa Clara . If 49ers don't have fund then don't be relocated. Their relocation stadium is not only bring us more hectic in traffic congested, overcrowded, but also now put us in responsible for their cost. Shame on them. What kind of stupid proposal that been come up? by which party?

From bunch of buddies who live in south bay cities from Santa Clara, Milpitas, Sunnyvale, Cupertino, Saratoga, Campbell, San Jose.

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>>> <KMaag@aol.com> 3/28/2007 10:31 PM >>>

Dear Mayor and Council Members,

As a 10-year resident of Santa Clara, let me add my voice to the chorus of "NO WAY" to this ridiculous 49ers proposal to take our utility funds or raise tax rates to help pay for a stadium.

Let THEM find the money to build the stadium, like that \$80 million for a cornerback they just paid, or the other MILLIONS paid to the athletes. Or have the Yorks pay for it themselves. They're billionaires. Or better yet, have the rich athletes pay for the darn stadium. They're the ones who will use it.

Don't be snowed into thinking this would be good for our city. We're not hicks who feel "lucky" to have the 49ers choose us. We're educated people with brains. A big, noisy stadium with only 11 events a year, mostly on Sundays, would bring only traffic and trash to our beautiful city, not restaurants or hotel stays.

**WE DON'T NEED THIS STADIUM.**

Be brave, and tell the 49ers to either pony up all the money themselves or just take a hike. Know you have tens of thousands of Santa Clarans behind you.

By the way, my other pet peeve is all the high-density housing you've been approving in recent years, like on Homestead and Bowers. STOP IT. It's making us look trashy with cheap tract housing that's taking away all the trees, yards and space we have. Kids are playing in the street because they have no yards. Is this what you really want for our city?

If you don't believe in open space and a peaceful environment, then you will have two fewer Santa Clarans to get taxes out of as we escape to a better city.

Sincerely,

Kathy Maag Bentaieb

\*\*\*\*\* See what's free at <http://www.aol.com>.

# SANTA CLARANS FOR FISCAL RESPONSIBILITY

P.O. Box 26, Santa Clara, CA 95052  
scffr07@gmail.com 408-247-8528 Fax: 408-247-5552

**RECEIVED**

MAR 28 2007

OFFICE OF THE MAYOR  
CITY OF SANTA CLARA

March 28, 2007

Honorable Mayor and City Council Members  
City of Santa Clara, California

Our Committee believes that a stadium in Santa Clara COULD be a benefit to our City and our County. The degree of benefit can only be determined after the financial arrangements are thoroughly examined.

As our Committee has observed in Council meetings regarding this issue, and in following the newspaper coverage, it has become apparent that the Council has taken a "wait and see approach." By this we mean the Council seems satisfied to wait for the 49ers to come forward with a financial proposal before examining our options. It seems to us that this will significantly extend the process as the City waits for them, then they wait for the City to respond, then the City waits for their response, etc.

It seems clear that the City may be asked for some type of financial contribution - possibly valued up to \$200 million. Our Committee strongly recommends that the Council not wait any longer and begin to explore our options. The City should start now the process of examining the impact of using the electric utility reserve, issuance of bonds, future revenue impact of developing City land, or any of the other ways the City might consider to raise that large a sum.

Previous City Councils have demonstrated the ability to make bold decisions to benefit the City. You are being asked to do the same. Please start the process now.

Respectfully

  
Bill Gissler  
Chairman

Bill Gissler, Chair  
former Mayor  
Judy Boccignone, Secretary  
former City Clerk  
Dave Tobkin, Treasurer  
former Council Member

**Steering Committee**  
Charlie Arolla  
former Police Chief  
Miles Barber  
local businessman  
Ted Chamberlain  
retired accountant  
David DeLozier  
former Council Member  
Larry Fargher  
former Mayor  
Ketra Oberlander  
local business woman  
Steve Van Dorn  
President Chamber of Commerce  
Don Von Raesfeld  
former City Manager

#### **Committee Background**

SCFFR evolved from the Committee Against Binding Arbitration ("No on Measure B") in 2006. Our City Council voted 5-2 to put Measure B on the ballot without charter process. The measure was defeated through our community education outreach and strong editorial support from local newspapers. We don't want to be caught off guard again. We're staying in touch.

**"We watch the money"**

**From:** Carol McCarthy  
**To:** Kim Fettahlioglu  
**Date:** 3/29/2007 5:48 PM  
**Subject:** Re: Call from resident regarding 49ers stadium

Kim:  
Thank you. I'll put this note in with all the correspondence we have gathered on this topic.  
Carol

>>> Kim Fettahlioglu 3/29/2007 5:44 PM >>>

I received several calls the other day from a Santa Clara resident, Marilyn Holmes. She called to let the Mayor and Council know of her opinion that she doesn't believe that we should pay for the football stadium from the utilities. Her idea was to build solar and have the developers pay for it.

This message will be forwarded to the Mayor and Council.

...Kim



>>> "Gordon R. Schneiderman" <[pearlnbob@comcast.net](mailto:pearlnbob@comcast.net)> 3/30/2007 3:33 PM >>>

Ms. Jennifer Sparacino, Santa Clara City Manager,

Some clarification, please. I am a long-time resident of Santa Clara, and have always paid my utility bills on time. I understand that there is a surplus in the utility reserve of nearly \$400,000,000.00, and that there is a proposal to use about half of this money to help finance the proposed 49er Stadium.

1. Why is there a surplus in the utility reserve of nearly \$400,000,000.00?

2. Is it required by law or statute? What is it's purpose?

3. If it can be given to the 49ers to build a stadium, and there seems to be no other pressing need for it, why isn't it refunded to the utility customers or used to lower utility rates?

Thank you for your assistance.

Gordon R. Schneiderman

[pearlnbob@comcast.net](mailto:pearlnbob@comcast.net)

RECEIVED

April 1, 2007

APR 05 2007

Office of the City Manager  
City of Santa Clara

City of Santa Clara

Mrs. Jennifer Sparacino, City Manager

Mrs. Sparacino, while we don't often agree with some of your decisions you make, we do applaud your decision to release the information of a rate increase of the Silicon Valley Power to support a stadium.

You represent the city and the city is the people. We need to know the facts before others negotiate a deal. In a sense it is our, the peoples money, and resources.

If the SF 49 Niners want a stadium let them pay for a stadium. The 49 Niners will make money from the stadium. So like any other business let them use their own money for their stadium.

If some of the former mayors and city council want a stadium let them use their savings and not a surplus we may have in SVP. Let John York with his vast real estate holdings and the National Football League come up with the necessary money to finance this stadium venture. We both know that \$1.00 today will escalate in higher costs for this venture because of increased materials and labor costs.

In conclusion, continue to keep the people informed.

*Mr. & Mrs. Joseph E. Blandford Jr.*

Mr. & Mrs. Joseph E. Blandford Jr.

1035 Sunlite Dr.

Santa Clara, CA 95050-5120

(408) 296-2497

**From:** Carol McCarthy  
**To:** JC Rowen  
**Date:** 4/2/2007 7:28 PM  
**Subject:** Re: stadium financing

**CC:** City Manager; MayorandCouncil

James:

Your email to the Mayor and City Council, and to the City Manager, was referred to my attention. Thank you for forwarding the link to the "Testimony of Brad R. Humphreys, Associate Professor, University of Illinois at Urbana-Champaign on Public Financing for Construction and Operation of Sports Stadiums and Economic Revitalization and Development in Urban America." The testimony was provided before the One Hundred Tenth Congress of the United States House of Representatives, Committee on Oversight and Government Reform Subcommittee on Domestic Policy on Thursday, March 29, 2007.

Your email and the link will be shared with the City Council and the City Manager.

Sincerely,  
Carol McCarthy  
Deputy City Manager

>>> JC Rowen <[jcrowensanjosestate@yahoo.com](mailto:jcrowensanjosestate@yahoo.com)> 3/31/2007 9:49 AM >>>  
<http://oversight.house.gov/Documents/20070329144816-86227.pdf>

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Testimony of  
Brad R. Humphreys  
Associate Professor  
University of Illinois at Urbana-Champaign

on  
Public Financing for Construction and Operation of Sports Stadiums and Economic Revitalization  
and Development in Urban America

before the  
One Hundred Tenth Congress of the United States  
House of Representatives, Committee on Oversight and Government Reform  
Subcommittee on Domestic Policy

Thursday, March 29<sup>th</sup> 2007

Chairman Waxman, Chairman Kucinich, and other members of the committee: thank you for giving me the opportunity to testify on the issue of public financing for the construction and operation of professional sports stadiums, and the impact of sports stadiums on revitalization and development in American Cities. I am an economist and professor at the University of Illinois at Urbana-Champaign. One of my areas of specialization is the economic impact of professional sports on urban economies.

Local, state, and federal government has historically provided large subsidies for the construction and operation of professional sports facilities in the United States. These subsidies take the form of direct monetary support for land acquisition and physical plant construction, direct monetary support for physical plant operation and maintenance, in-kind donations of land, construction of infrastructure like roads, sewerage, and public transportation facilities, indirect subsidies in the form of special tax treatment for property, operating income, special tax treatment for bonds used to finance facility construction and other subsidies. Since 1990, the total value of the subsidies for construction of sports facilities alone in the United States has been about fifteen billion dollars in inflation adjusted terms. There are currently a large number of proposed new sports facilities in the planning phase around the country. The most common justification for these subsidies is that professional sports facilities and franchises generate significant, tangible economic benefits in the form of higher income, earnings, employment and tax revenues, for the local economy thus contributing to the revitalization of American cities.

*Do Professional Sports Generate Tangible Economic Benefits in American Cities?*

It is often said that economists cannot reach a consensus on matters of economic policy. While this might be accurate in areas like tax policy or international trade policy, it is clearly not the case when assessing the economic impact of professional sports facilities. There currently exists a large body of evidence published in peer-reviewed academic journals concluding that professional sports facilities and franchises have no positive tangible economic impact on income, earnings, employment, and tax revenues in American cities. This literature has examined regular season and postseason sporting events in all of the major North American professional sports leagues, as well as special events like All-star games and the Super Bowl.

The research supporting this consensus examined economic performance in every U.S. city that hosted a professional sports team over the past thirty years. This research uses economic and statistical modeling to explain the overall performance of local economies, in terms of income, employment, and other economic indicators in metropolitan areas. The basic approach assesses how much of the variation in local income and employment, as well as earnings and employment in specific sectors of the local economy like hotels, restaurants and bars, can be explained by variation in sports-related variables as well as by variation in other factors that economic theory predicts help determine the state of the local economy.

Again, the consensus from this substantial, carefully conducted, peer-reviewed body of academic research strongly supports the conclusion that professional sports facilities and franchises do not produce tangible economic benefits in the surrounding local economy. Based on the economic performance in every U.S. city with a professional sports team over the past thirty years, professional sports facilities and franchises were not associated with higher levels of local income; they were not associated with greater employment in any sector of the local economy except the small sector containing sports enterprises; they were not associated with higher tax revenues; they were not associated with faster growth rates of local income or employment. Professional sports facilities and franchises cannot be used to revitalize the economy in American cities. Subsidies for the construction and operation of professional sports facilities cannot be viewed as a viable economic revitalization strategy for our cities. Dozens of papers published in peer-reviewed academic journals support this consensus conclusion.

Some astute observers might question this conclusion. After all, millions of Americans attend professional sporting events each year, and there is clearly a great deal of economic activity going on in and around sports facilities. Bars and restaurants near ballparks, stadiums, and arenas are packed on game day. Parking lots near these facilities are full. Vendors outside and inside the facilities do a brisk business and many facilities operate at or near capacity. Any person attending a sporting event can see this with her own eyes. Clearly, this economic activity must have some affect on the local economy.

And it does, of course. But the economy in an American city is much larger, more varied, and more complex, than a spectator at a sporting event can observe. The economic activity that takes place in and around a modern professional sports venue does not translate into additional new economic activity in cities because most of the spectators are residents of the metropolitan area and all consumers face a limited budget to spend on necessities like food, clothing, and shelter as well as on other factors like entertainment. All household spending, including spending on entertainment like professional sporting events, is constrained by available household income.

Money spent on tickets, parking, and concessions in and around a sports facility represents money not spent on other entertainment activities elsewhere in the metropolitan area. Nearly all the economic activity observed taking place in and around professional sports facilities would have taken place somewhere else in the metropolitan area at some other point in time.

Professional sporting events concentrate economic activity at a specific location at a particular point in time. This fact is easily observable to the casual observer attending a sporting event. But sporting events only concentrate spending, they can not generate new spending. The casual observer taking in a ball game does not observe economic activity that might take place in other parts of the city at other times. And the economic activity that takes place in and around a stadium represents lost

revenues to other entertainment industry businesses located in other parts of metropolitan areas. The casual observer cannot observe the transactions that do not take place because of the presence of a professional sport team, but the existence of household budget constraints strongly implies that this occurs.

Economic research on the impact of professional sport on the local economy does not count attendance at sporting events or survey consumer spending at these events. Economic theory predicts that money spent at a sporting event would alternatively be spent somewhere else in the local economy, at some other point in time, even if the city did not use taxpayer money to build a new sports facility. A substantial body of research carried out over decades supports this prediction.

Clearly, to the extent that a professional sports facility and franchise attracts out of town visitors to a city for the express purpose of attending a sporting event, the local economy will benefit from the spending by these visitors, and this spending will ripple throughout the local economy creating additional economic benefits. But most spectators at professional sporting events are residents of the metropolitan area. From a national perspective there can be no net economic benefit from this spending, because a hundred dollars spent on baseball in Baltimore and a hundred dollars spent on baseball in Washington DC make an identical contribution to the nation's Gross Domestic Product. Why should billions of tax dollars subsidize an activity that reallocates a small amount of consumer spending from one city to another?

#### *Categories of Evidence on Economic Impact and the Importance of the Peer Review Process*

Evidence about the economic impact of professional sports comes from two sources: academic research, and "promotional" economic impact studies sponsored by professional sports teams, leagues, and other entities interested in obtaining government subsidies for professional sports. These two categories of evidence use widely different methodologies, undergo different levels of scrutiny, and reach strikingly different conclusions.

"Promotional" studies, primarily carried out by consultants hired by professional sports teams or their boosters, always conclude that building a new sports facility will add substantial sums to local income, often hundreds of millions of dollars each year, and will create many new jobs in the local economy. Sometimes the forecasted jobs created run into the thousands. Of course, all this additional income and employment is forecasted to substantially raise state and local tax revenues. Academic research on the economic impact of professional sports concludes that new facilities and franchises have either no measurable impact on local income and employment, or in some cases a small but negative impact on the local economy.

"Promotional" studies are economic forecasts. They predict how much local income or employment will rise in the future, after a new facility is built, and perhaps a new team attracted to the city. These studies forecast the number of spectators that will attend games in the new facility, and use multipliers to further estimate the wider impact of spectator's spending on the local economy. In economic jargon, they make use of "input-output" models to predict the total economic impact flowing from a sporting event. Put simply, they apply a multiplier – a scaling factor greater than one – to increase the forecasted direct economic activity associated with a sporting event to a larger number reflecting the forecasted total effect on the entire metropolitan economy. Since "promotional" economic impact studies are forecasts, they have the same inherent

weaknesses as any other economic forecast, like a forecast of the growth rate of GDP over the next five years. But "promotional" economic impact studies always project a high degree of precision. Rather than being stated in terms of a predicted value plus or minus some margin of error, the forecasts in these studies are always a single number, implying a higher degree of precision than other economic forecasts, even though there is no evidence that they are more precise.

Academic research on the economic impact of professional sports is retrospective. Researchers begin with the historic performance of metropolitan economies, in terms of economic indicators like income, earnings, and employment, and use statistical methods to understand why the local economy performed the way that it did. Although this approach is not experimental in nature, there has been a tremendous amount of variation in the professional sports environment in metropolitan areas over the past thirty years which resembles the variation that an experiment might generate. Franchises moved; old facilities were torn down and new ones built; labor disputes resulted in the cancellation of large numbers of games, or even entire seasons in professional sports leagues. Academic research exploits this variation in the sports environment over time to understand the overall economic impact of professional sports on metropolitan economies.

Unlike sports team owners and others with a vested interest in the sports industry, academic researchers do not stand to benefit financially from research on the economic impact of professional sports. The owner of a professional sports team could see the value of his franchise increase by hundreds of millions of dollars if the local government builds him a new facility using public funds. Local businesses near the new facility will see increases in their business. Local media companies may see increases in revenues due to increased interest in the new team in town. Local financial institutions that underwrite the bond issue used to finance construction earn millions in fees. All stand to profit from a new publicly financed sports facility and all are interested in justifying these subsidies on the grounds of the tangible economic benefits created by sport. In contrast, journals that publish academic research on the economic impact of professional sports *charge* researchers submission fees to consider their papers for publication. They do not pay royalties to research who write the papers they publish. A researcher in this area has no personal financial stake in the outcome of the research.

The most important difference between evidence from academic research and evidence from "promotional" economic impact studies is the degree of scrutiny they undergo. "Promotional" studies are typically carried out by consultants. They are released with great fanfare in the local media, and typically get widespread coverage for a brief time. The press releases and sound bites associated with these studies are typically short on details and long on large round numbers. Very few people ever read the entire reports. The vast majority of these "promotional" studies disappear within a few days of their release. The methodology used in "promotional" studies, and the results, are not reviewed or evaluated in any way. I do not know of a single instance where the predicted outcomes from a "promotional" economic impact study have been systematically evaluated for accuracy after a sports facility was completed.

In stark contrast, academic research on the economic impact of professional sport published in scholarly journals goes through a rigorous peer review process. In this process, the papers are distributed to other experts in the field, often stripped of identifying information about authorship, who are asked to anonymously evaluate the quality of the research. Academic economic impact studies judged as flawed or incompetently executed are not published. In some instances flaws judged as serious are removed from the paper or revised to correct the deficiency. The peer-review

process provides important oversight for research in this area, as other experts in the field have examined the methodology, data, and results in detail and found it to be credible.

It is imperative that those who make decisions on sports subsidies understand this important difference in the evidence about the economic impact of professional sports. Results that have been through the peer-review process should be given much more credence by decision makers than "promotional" economic impact studies. We do not make health policy decisions based solely on the claims of pharmaceutical companies, and we should not make decisions on subsidies for professional sports based solely on the claims made by professional sports team owners and others proponents of these subsidies.

The consensus conclusion that emerges from peer reviewed research on the economic impact of professional sports facilities and franchises on the urban economy is clear: professional sports are not an engine of economic growth. The contribution of professional sports to the economic wellbeing of American cities is negligible. Using sports subsidies to revitalize the economy in urban America is not sound economic policy. When cities decide to spend hundreds of millions of dollars of taxpayer's money to build new sports facilities for billionaire sports team owners and millionaire professional athletes, they are making poor economic policy decisions. This money would be better spent on activities with a higher overall return, like education, public health and safety, or infrastructure.

However, professional sports clearly provide important non-economic benefits to urban America. The presence of a professional sports team is often said to bestow "big league" status on a metropolitan area. The residents of American cities derive a great deal of civic pride and sense of community from the presence of home town professional sports teams. Rooting for the local team provides an important touchstone to the residents of American cities and brings together society in ways that few other civic institutions can. These factors are all important to American cities. To the extent that civic pride, "big league" status, and sense of community are important and valuable to the residents of American cities, the large public subsidies for the construction and operation of professional sports facilities may be justified.

Although professional sports cannot revitalize the economies in American cities, they may be able to revitalize the residents of American cities, and improve the quality of life in urban America. However, valuing "big league" status and professional sports' contribution to the sense of community in urban America is difficult to value, in monetary terms. The limited amount of existing academic research on valuing the non-monetary benefits generated by professional sports suggests that the value placed on these intangibles by the residents of American cities is not as large as the subsidies, but more research is clearly needed in this area.

Professional sports facilities and franchises may generate one specific type of non-traded economic benefit. Evidence from recent economic research, some of it not yet peer-reviewed, suggests that residential property values may be higher in cities with professional sports teams. If this turns out to be the case – and at this point the evidence is both mixed and preliminary – then some subsidies for the construction and operation of professional sports facilities may be justified on economic ground. However, the overall effect of higher residential property values on social welfare, particularly on the social welfare of lower income groups, is unclear, even if sports facilities can raise property tax revenues.



### *Why Do We Continue to Subsidize Professional Sports Facility Construction and Operation?*

The process of determining how much to subsidize the construction and operation of professional sports facilities involves a complex negotiation between many different groups: team owners, state and local politicians, local businesses, and taxpayers, including team fans. Sometimes the process includes one or more referendums on these subsidies, but the referendum process is not a perfect vehicle for the determination of subsidies.

No matter how they are determined, cities have shown a willingness to provide these subsidies in the past, and continue to provide them today. Why does this continue to happen? Cities may continue to subsidize sports facility construction because the non-pecuniary benefits outweigh the costs in taxpayers' minds. They may continue because proponents of these subsidies are more successful in publicizing the results of their "promotional" economic impact studies than academics are in publicizing their research, leading taxpayers and other decision makers to make ill-informed choices. Local politicians and other elites may derive more private benefits from professional sports than the cost to taxpayers and take action to force them on unwilling taxpayers.

Whatever the reason, it is important to realize that government policies, including government economic policies, have an important impact on the relative amount of influence that each of these groups is able to bring to bear during the negotiation over subsidies for sports facility construction and operation. In particular, the anti-trust protection that this Congress has extended to professional sports leagues provides the owners of professional sports teams with a clear upper hand in these negotiations, and clearly increases the size of the subsidies that professional sports are able to extract from state and local government.

The anti-trust protection extended to professional sports leagues by the Congress allows sports leagues to operate as effective monopolies, or cartels in economic terms. Sports leagues behave exactly like economic theory predicts that cartels will behave: they restrict output in order to earn profits above the level that would prevail if there were competition in the market for professional sports franchises. Restricting the number of franchises means that cities that could support a professional sports team cannot have one. It also implies a loss of social welfare for the residents of cities that want a professional sports team but cannot get one because of leagues' monopoly power. This explains why Los Angeles has been without a National Football League team for over a decade. It also explains why the London, England metropolitan area, with a population of 7.5 million in 2005, can support nine professional soccer teams at the top level, and scores more professional soccer teams at lower levels of competition, while the metropolitan New York area, population 18.7 million in 2005, is home to only nine top-level North American professional sports teams. Professional soccer in the U.K. operates under a promotion and relegation system that allows freedom of entry into the professional sports team market.

American professional sports leagues do not. Professional sports leagues in the U.S. operate as cartels, thanks to the special anti-trust protection provided to these leagues by Congress. The artificial scarcity of professional sports teams generated by this anti-trust protection means that the owner of any professional sports team will always have a viable alternative city to threaten to move to when negotiating for a new publicly financed stadium or arena. The possibility of a team moving to another city provides sports team owners with a huge advantage when negotiating for sports facility construction subsidies, and allows team owners to continue to extract subsidies, even though they are not justified on the basis of tangible economic returns to the taxpayers who provide them.

Mayor Patricia M. Mahan  
City Hall,  
1500 Warburton Avenue  
Santa Clara CA 95050

**RECEIVED**

APR 02 2007

OFFICE OF THE MAYOR  
CITY OF SANTA CLARA

Dear Madam Mayor:

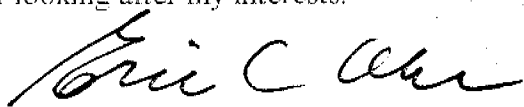
I am writing you concerning the proposed 49er football stadium. I like football as much as anyone and have cheered for the 49er's since I was a small child. I have even gone to a few games, however as a taxpayer and a utilities customer I do not want to fund a new stadium.

I think it is a great thing that the utilities district has accumulated a surplus and I assume that there is a lot of projects that they need to spend the money on, and it would be shame to give it away.

I just read the goals of the City Council and football was not a goal, therefore it should not be funded.

My attitude is Billionaire Owners, Millionaire Players, I do not want to buy them a new stadium. If they fund the stadium with their own money then they are welcome, but not one penny of my tax money.

Thanks for looking after my interests.

Eric Aker   
2439 South Dr  
Santa Clara CA 95051-1250

**From:** Carol McCarthy  
**To:** Gordon R. Schneiderman  
**Date:** 4/3/2007 2:32 PM  
**Subject:** Re: Silicon Valley Power budget Surplus

**CC:** City Manager  
Dear Mr. Schneiderman:

Thank you for your email to the City Manager. We will be looking into the questions you raised and responding to you.

Sincerely,  
Carol McCarthy  
Deputy City Manager

>>> "Gordon R. Schneiderman" <[pearlnbob@comcast.net](mailto:pearlnbob@comcast.net)> 3/30/2007 3:33 PM >>>

Ms. Jennifer Sparacino, Santa Clara City Manager,

Some clarification, please. I am a long-time resident of Santa Clara, and have always paid my utility bills on time. I understand that there is a surplus in the utility reserve of nearly \$400,000,000.00, and that there is a proposal to use about half of this money to help finance the proposed 49er Stadium.

1. Why is there a surplus in the utility reserve of nearly \$400,000,000.00?

2. Is it required by law or statute? What is it's purpose?

3. If it can be given to the 49ers to build a stadium, and there seems to be no other pressing need for it, why isn't it refunded to the utility customers or used to lower utility rates?

Thank you for your assistance.

Gordon R. Schneiderman  
[pearlnbob@comcast.net](mailto:pearlnbob@comcast.net)

**From:** Karen Yung <caretwo@gmail.com>  
**To:** <Clerk@ci.santa-clara.ca.us>  
**Date:** 4/3/2007 2:47 PM  
**Subject:** accountability

City Authorities must be held accountable: true, or false?

City Authorities have a choice: demand investigation of police misconduct, or face investigation. A simple choice.

Hate crimes in the name of community problem solving is not legal, moral, ethical, or acceptable.

<http://www.finishfirstinc.com/>

Shame on the Hate Crime City.  
The NFL does not condone hatred, discrimination, conspiracy, racketeering, or special favors to friends of Mayor Mayhem.

copy to CMO

# Santa Clara Citizens Advisory Committee

**RECEIVED**

Dear Mayor Mahan  
& City Council:

APR 03 2007


OFFICE OF THE MAYOR  
CITY OF SANTA CLARA

As of April First I will no longer be Chairman of the Santa Clara Citizens Advisory Committee. I will be moving to Rocklin California due to job opportunities and the location of my fiancé. Brian Lowery has been selected to be Chairman of the CAC and will do a great job.

However, I do have one last issue I must raise with all of you and that is the issue of the possible financing of a 49ers stadium. The CAC voted unanimously on March 26<sup>th</sup> that any possible venture involving the stadium and public financing should include a referendum vote by the citizens of Santa Clara.

For too long, the idea of financing stadiums with public money have turned into projects done with haste by elected officials and the wise decision would have been done to do it with considerable public input. We ask that a referendum would not only be the smart bet, but the wise one for the taxpayers of Santa Clara.

Respectfully



Edward Rowen, Chairman  
Of the Santa Clara Citizens Advisory Committee

*Letter to  
Mayor + Council***RECEIVED**

APR 04 2007

OFFICE OF THE MAYOR  
CITY OF SANTA CLARA

Ciaran O'Donnell  
2745 Warburton Av  
Santa Clara CA 95051

Telephone/Fax: (408) 246 3829

Mayor Patricia M. Mahan  
1500 Warburton Ave Santa Clara  
CA 95050

fax:(408) 241-6771

TRANSMISSION BY FAX

Santa Clara, Wednesday April 4<sup>th</sup> 2004

Honorable Mayor Mahan,

Thank you for giving me the opportunity to speak at the council meeting yesterday regarding the proposition of the 49ers to move to Santa Clara.

I am a Santa Clara homeowner since 1998 and work as a staff software engineer at Intellex Corporation, a startup company in RFID in Santa Clara.

As a licensed electrical engineer I am most concerned the suggested use of Silicon Valley Power reserve funds to build a stadium in Santa Clara and the lack of attention to environmental impact.

I was surprised that none of the six council members addressed the issue of how the public will be informed of the upcoming meetings April 10<sup>th</sup>, 17<sup>th</sup>, and 24<sup>th</sup>.

For example, the deadline for an advertisement in the Santa Clara Weekly for April 10<sup>th</sup> has been passed.

Does the city intend to advertise this meeting in the Government Affairs section of the San Jose Mercury News ?

The transfer of the stadium to Santa Clara is an issue of great public impact.

I believe this issue to be most worthy of your attention and hope to hear from you soon.

Yours sincerely,

Ciaran O'Donnell



**From:** Jashma Kadam  
**To:** Kim Fettahlioglu  
**Date:** 4/4/07 10:07AM  
**Subject:** Call from Resident

Kim: While you were meeting with Carol, a call came thru for the Mayor and Council Members. The resident, Lamar Atkinson, called to express his concerns about the City Council using tax payer's money to build a stadium when it is clear to him that no businesses in Santa Clara are supporting the stadium issue. He questioned why our water, electric, and sewer rates are going up when there are funds available to pay for the stadium. He is totally opposed to the rate hike. He said, the biggest pleasure in life is to spend somebody else's money (tax payer's money)! He felt the Council is totally disconnected from the people.

He does not want the stadium, the congestion, the traffic. And he does not want the utilities to charge the residents more.

Mr. Atkinson has been a resident of the City of Santa Clara for the last 46 years. He can be reached at 243-0726.

Jashma

**CC:** Carol McCarthy

*Carol will follow up  
with Mr. Atkinson. 4/4/07*

**From:** Elizabeth Elliott  
**To:** Carol McCarthy  
**Date:** 4/5/2007 9:32 AM  
**Subject:** resident - questions re:stadium

Carol,  
I just spoke with a resident who had concerns re: the stadium, and questions. Could you please call him?

Todd Gilman  
496.0666

lives at:  
623 Laurie Avenue  
SC

On April 9, 2007, I returned a call made to the City Manager's Office by Mr. Todd Gilman, a resident of Santa Clara. Mr. Gilman expressed concerns about the proposal for a 49er football stadium in Santa Clara. I explained that there had been much speculation in the media about a stadium, but that we had not yet received the proposal from the team, and were expecting to receive it on April 24. I told Mr. Gilman about the information that was available on the City's website, including the Council principles, and the upcoming special meetings of Council's Committee of the Whole, so that he would know of the upcoming public discussions of the matter. I also told him that this potential proposal would be the largest development that the City had ever considered, and that both the Council and staff would be looking at it carefully, to evaluate its opportunities and its potential challenges.

Mr. Gilman expressed concerns that even with good planning, successful developments can impact residential neighborhoods. He used Rivermark as an example, how the parking lot of the commercial center was insufficient for the current residential needs, and that the increasing number of buildings on the old Agnews property, including the high rise residential, were causing the area to be too crowded, and causing impacts to the residents who had lived in the North Bayshore area for years. He also expressed concern about the City being taken advantage of by enthusiasm for sports teams, citing Oakland as an example where the city of Oakland got the Raiders to return, but stating that the stadium had become a liability for their city. He is concerned that even if the 49ers proposal should win City support, that it could become a "white elephant" for the City and its residents down the road. He expressed his concern that lobbyists for the team would sway the Council and City to move forward with the project, in spite of short and long term costs to the community. He also thought that if something were to be considered for the theme park parking lot, that it be something like an "Exploratorium - South."

He mentioned the wide range of coverage in the media, and the speculation about a potential utility rate increase to pay for the stadium. I told him that the City did not have a proposal from the team to fund the stadium through an increase in utility rates. I told Mr. Gilman that his comments would be noted and added to the public comments on this issue, and assured him that the City would be looking at all aspects of the proposal when it is received.

*CMcCarthy*



**Carol McCarthy - Fwd: 49's Ballpark**

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**From:** Kim Fettahlioglu  
**To:** Carol McCarthy  
**Date:** 4/9/2007 10:50 AM  
**Subject:** Fwd: 49's Ballpark  
**Attachments:** Fwd: 49's Ballpark

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Hi:

I have been a home owner in Santa Clara for almost 42 years. I am concerned about the recent stories of the San Francisco 49's desire to have a stadium in our city and our City representatives appearing to welcome the idea. There should be no City subsidy.

Can anyone explain to me how I, as a retired person living in Santa Clara, will benefit from a stadium to house football and other events? As I see it there will be an increase in traffic and congestion and almost certainly some sort of tax increase. Our streets will be more congested and this will result in increase in costs of repair and maintenance. Why would Santa Clara want a stadium? What benefit does it provide? Some say it will produce more jobs. If it produces more jobs where will the new employees live? The increase in jobs will undoubtedly result in higher rental fees for apartments forcing the new job recipients to find housing outside of Santa Clara. How does this help Santa Clara?

The cost of the Stadium started out to be about \$800 Million. I understand that the new estimate is now over \$900 Million. Experience from other cities has shown that the estimated costs are always much lower than the actual cost. Where will the additional money come from?

If the City has a surplus in its Utility fund, why not reduce our costs for these services, rather than using the money to help fund something that I don't think most of the home owners want. Why not send out a questionnaire to all of the home owners and see if I'm right or wrong?

Sheldon Teicher  
1000 Capitola Way  
Santa Clara, CA 95051

**From:** Jennifer Sparacino  
**To:** Byron Fleck; Mayor&Council  
**Date:** 4/10/2007 1:17 PM  
**Subject:** Re: York Economic Impact Report/Tonight's Council Meeting

**CC:** jbyronflecklaw@sbcglobal.net; Karen Hardy  
Byron, Your report will be copied and provided to Council at tonight's Council meeting.

>>> "Byron Fleck" <jfleck@covad.net> 04/10/07 9:13 AM >>>  
Jennifer,

Please be so kind to distribute the attachment to Mayor, Council and any other interested parties, in advance of tonight's City Council meeting.

Also, copies of our evaluation will be available to the public at the table just outside the Council chamber.

Thank you,

Byron Fleck & Karen Hardy

# A GUIDE FOR EVALUATING JOHN YORK'S SUBSIDY REQUEST

*By J. Byron Fleck and Karen Hardy<sup>1</sup>*

**O**n Tuesday April 10, 2007, billionaire John York will present a request before the Santa Clara City Council. In one form or another, Mr. York will ask the City Council for a subsidy from city residents to construct a 68,000 seat football stadium. The amount of the subsidy sought is \$200 million. The source of funds Mr. York seeks to tap, are the reserves of your City owned utility.<sup>2</sup> If you are a resident of Santa Clara, this is *your* money.<sup>3</sup>

Mr. York will attempt to justify his subsidy request by demonstrating that the amount of the subsidy is dwarfed by job creation, income and tax revenue gains.<sup>4</sup>

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<sup>1</sup> Byron Fleck is a current resident, attorney and former City of Santa Clara Planning Commissioner. Karen Hardy is a teacher, community volunteer and City Planning Commissioner. The views expressed by Ms. Hardy are her own. They not intended to reflect the views of the Commission or the views any other member of the City of Santa Clara Planning Commission.

<sup>2</sup> City of Santa Clara residents of modest means may also be entitled to a subsidy. After filling out an application for rate reduction and upon presentation of verifying documentation, such as, evidence of government assistance, disability compensation or Veterans benefits, qualifying residents may receive up to 25% off their electric bill.  
<http://www.siliconvalleypower.com/res/?sub=assist>

Mr. York, for whatever reason, has been required to submit neither application nor verification of modest means, even though he seeks subsidy from the same source as Santa Clara residents. The Santa Clara City Council has yet to explain why Mr. York was given an apparent waiver from the application and verification requirements otherwise required by Santa Clara residents..

<sup>3</sup> We find it troubling, that what were previously characterized as "reserves" to protect residents from rate spikes or to maintain or upgrade our electric utility, are now being called a "surplus." [http://www.mercurynews.com/search/ci\\_5574875](http://www.mercurynews.com/search/ci_5574875) If you are a resident of the City of Santa Clara, this is *your* money. Reserve, surplus or whatever one may self-servingly label it.

<sup>4</sup> Mr. York commissioned a consulting firm to prepare an "independent" report of the economic impacts of a stadium built for him with your money. You can find it here  
<http://cityclerkdatabase.ci.santa-clara.ca.us/pdfCreator/Export.aspx?did=AAAAP070405230820370.DID&db=SCAGENDA>

Here is an evaluation of Mr. York's purported "independent" economic impact report. Unlike Mr York's consultants, the Q and A following is prepared by two Santa Clara residents.

**Q** : I read the "New 49ers Stadium Economic Impact Analysis." It was prepared by Conventions, Sports and Leisure ("CSL"). Who is CSL?

**A** : CSL is a consulting firm. They have been retained by not less than 18 NFL owners. In all cases we could find, they were hired to present, as here, an "independent" economic analysis of the economic impacts to a community, for an NFL stadium funded in total or in part, by local residents.<sup>5</sup>

**Q** : Are there any other professional team owners in the Bay Area who have hired CSL for the purpose of presenting an "independent" assessment of economic benefits for a stadium subsidy from local residents?

**A** : Yes. Al Davis, Managing Partner, Oakland Raiders.<sup>6</sup>

**Q** : Has CSL ever been retained to provide an economic impact analysis by any local, county or state government?

**A** : No.

**Q** : But if CSL was retained by Mr. York to prepare an "independent" study as CSL represented at section 1.0 of its report, surely CSL must have found somewhere that a public subsidy request was not worth it?

**A** : No. They never have.

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<sup>5</sup> See, <http://www.csintl.com/professionalsports.htm>

<sup>6</sup> I d

**Q** : So, you are saying that the economic impact analysis prepared and presented by an "independent" consultant, retained and paid for by Mr. York, does not present an impartial analysis of the economic benefits to our City, if we decide to subsidize Mr. York?

**A** : CSL's study in this case, as with every other NFL owner who has scammed taxpayers for a billionaire subsidy, is a lie. Mr. York and his consultants know it, as by now, so should you.

**Q** : How do you know that?

**A** : "Regardless of method, none of the academic studies has so far been able to find significant economic development benefits sufficient to justify the large public outlays."<sup>7</sup>

Few fields of empirical economic research offer virtual unanimity of findings. Yet, independent work on the economic impact of stadiums and arenas has uniformly found that there is no statistically significant positive correlation between sports facility construction and economic development.<sup>8</sup>

The overriding conclusion...is that the economic case for publicly financed stadiums cannot credibly rest on the benefits to local business as measured by jobs, income, and investment."<sup>9</sup>

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<sup>7</sup> Rappaport, Jordan, and Chad Wilkerson. "What Are the Benefits of Hosting a Major League Sports Franchise?" *Economic Review* (Federal Reserve Bank of Kansas City), First Quarter 2001, p. 55-86.

<sup>8</sup> Siegfried, John, and Andrew Zimbalist. 2000. "The Economics of Sports Facilities and Their Communities," *Journal of Economic Perspectives*, Summer.

<sup>9</sup> Noll, Roger G., and Andrew Zimbalist, eds. 1997. *Sports, Jobs, and Taxes: The Economic Impact of Sports Teams and Stadiums*. Washington: Brookings Institution Press.

**Q** : So, our City makes nothing, and Mr. York makes (assuming his \$200 million request from our monies, is granted) what?

**A** : \$30 million, additional, annually.<sup>10</sup>

**Q** : Ok, so there are no jobs, economic activity or new tax dollar value benefit to Santa Clara residents. Surely we must benefit because of the entertainment value?

**A** : No.

The average Santa Clara resident, who is being asked by billionaire Mr. York for a subsidy to build his stadium and support players salaries,<sup>11</sup> could not afford to walk through the turnstile.

According to the City of Santa Clara 2001-2010 General Plan (Housing Element), the household median income for a family of four was \$87,300 for a family living in Santa Clara County, in 2001.<sup>12</sup> Half the City's 110,702 residents making up those households, earn more, half earn less.

Of the "Have Nots," we know that 6% live below the poverty line. We know that 37% of renter households (about half of all households in Santa Clara City) "overpay" (that is, pay more than 30% of their income to rent). An alarming 60% of the City's elderly renters overpay. Most, or all, of this most vulnerable group, survive on fixed incomes. The "overpayment" hardship is not limited to renters. In the City of Santa Clara, 23% of owner households pay more than 30% of their income towards their mortgage and utilities<sup>13</sup>.

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<sup>10</sup> Noll, Roger G., and Andrew Zimbalist. "Sports, Jobs, and Taxes: Are New Stadiums Worth the Cost?" *The Brookings Review*, Summer 1997, p. 35-39.

<sup>11</sup> In March 2007, Mr. York's football operation signed a 27 year old cornerback to a widely reported 8 year, \$80 million contract. Gay, "49ers are in the money \_ and they show it" <http://www.scrippsnews.com/node/20049>

<sup>12</sup> General Plan (Housing Element). Income figures are based on County data. No records appear to be maintained on a City basis. 2001 year figures are the most current available. <http://www.ci.santa-clara.ca.us/pdf/collateral/3081-GeneralPlan-Chapter3.pdf>

<sup>13</sup> Id.

Even for the "Haves," at a median household income of \$87,300, for those paying but 30% on their mortgage / rent and utilities, and after payment of Federal and State income taxes, the median family of four has a total "disposable income" of \$41, 410.<sup>14</sup> This figure is before deduction of car, gas, clothing, health and other insurance, food, personal care, education, child care or any extraordinary expenses.

Conversely, according to 2003 figures, the cost for a family of four attending one 49ers game was \$341.48.<sup>15</sup>

**Q** If there is no economic or entertainment value for Santa Clara residents to justify subsidizing a billionaire, what should we do with our electric reserves/surplus?

**A** Give it back to the people who own it. The residents of the City of Santa Clara. If there is a reserve/surplus from our electric utility, sufficient to subsidize a billionaire, each and every resident of the City could receive a check tomorrow of \$981. For a family of four, that sums to \$3,924. Conversely, you can take that sum and give it to a billionaire.

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END

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<sup>14</sup> The tax assumptions are based on gross income of \$87,300 and \$50,000 of State taxable income resulting in income taxes of \$14,900 (Federal) and \$4,650 (State) for a total income tax of \$19,550. See, <http://www.savewealth.com/taxes/rates/2006/jointmarried/>

<sup>15</sup> See, [http://www.teammarketing.com/fci.cfm?page=fci\\_nfl\\_03.cfm](http://www.teammarketing.com/fci.cfm?page=fci_nfl_03.cfm)

**From:** Mike Kirsch <mrmkirsch@mac.com>  
**To:** <MayorandCouncil@ci.santa-clara.ca.us>, <streets@ci.santa-clara.ca.us>  
**Date:** 4/10/2007 5:57 PM  
**Subject:** Proposed Utility Rate Increases

I have now received numerous notices regarding the City's proposed rate increases for utilities. The latest notifications come at a time when the media is reporting that the City is actively recruiting the 49ers football team and exploring ways to provide a new stadium, which includes the recent possibility of using the utility reserve fund to pay for part of a stadium and, as I understand it, a utility rate increase to replenish the reserves.

The current notices all contain language citing Proposition 218 and indicating that rate increases cannot be imposed by the Council if the majority of the record owners of properties file written objections.

I object to an increase in utility rates as outlined in the notifications that have been sent within the past six months. I am the owner of record for a property in Santa Clara. And I wish for this email to be considered my written notification that I object to the proposed rate increases.

Michael Kirsch  
736 Pomeroy Avenue  
Santa Clara, California 95051-5519



**Carol McCarthy - Fwd: Santa Clara does not want the 49ers**

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**From:** Kim Fettahlioglu  
**To:** Carol McCarthy  
**Date:** 4/11/2007 8:23 AM  
**Subject:** Fwd: Santa Clara does not want the 49ers  
**Attachments:** Fwd: Santa Clara does not want the 49ers

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Honorable Mayor and Councilmembers,

As a long time Santa Clara resident, I stand **firmly against the 49ers** relocating to Santa Clara. We already have our heavy traffic, trash, over-burdened resources, broken up road ways and overcrowding issues. We don't need more of that! It is no secret that the 49er organization is absolutely overstating the benefits of having this huge burden.

Santa Clara, normally a fiscally responsible city, should be focusing energies and efforts to bringing BART to Santa Clara. Otherwise, we'll be living a existence of overly frustrated drivers, cement, exhaust and drunken football fans. JUST SAY NO TO THE FORTY-NINERS!

E. Broderick, Santa Clara

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See what's free at [AOL.com](http://AOL.com).

## **Carol McCarthy - Fwd: Proposed 49ers Stadium - April 10, 2007 Meeting**

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**From:** Kim Fettahlioglu  
**To:** Carol McCarthy  
**Date:** 4/12/2007 8:42 AM  
**Subject:** Fwd: Proposed 49ers Stadium - April 10, 2007 Meeting  
**Attachments:** Fwd: Proposed 49ers Stadium - April 10, 2007 Meeting

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Dear Mayor and Council Members:

I watched the presentation last night on channel 15 and was glad to hear all the questions asked. I am both a 49ers season ticket holder and a resident of Santa Clara. As much as I would love to see the 49ers stadium here in our community, I also want to be sure the decision is made carefully and after thorough review. I am pleased with the way the proceedings have been handled so far and look forward to more of the same. I remain optimistic that we will be able to locate the stadium in Santa Clara as proposed and that it becomes another positive asset for the city.

Best regards,

Monica Siguenza  
140 Elmhurst Ct  
Santa Clara, CA 95051

**From:** Carol McCarthy  
**To:** Byron Fleck  
**Date:** 4/17/2007 1:22 PM  
**Subject:** Re: Please Distribute to Mayor, Council & 49ers  
**Attachments:** hardyfleck3.pdf

**CC:** angela.banister@niners.nfl.net; City Manager; jamie@jamiemcleod.org; ...  
Byron:

Good afternoon. Your email to the City Manager and the Mayor and City Council was forwarded to my attention, and I was asked to reply.

Copies of your email and its attachment have been provided to the City Manager and Mayor and Council as you have requested.

In addition, your email is being forwarded to the 49ers, to Ms. Angela Banister, who is the Assistant to Mr. York and Ms. Lang.

Sincerely,  
Carol McCarthy  
Deputy City Manager

>>> "Byron Fleck" <jfleck@covad.net> 4/16/2007 7:47 PM >>>  
Hello Jennifer:

Please distribute as requested above. We thank you in advance.

We've been unable to locate the email addresses for Ms. Lang, Mr. John York or Mr. Jed York of the 49ers. Would you please be so kind to forward the attachment to them or the relevant parties in Mr. York's organization.

Additionally, we pose the following questions to Ms. Lang, Messers John or Jed York or any other concerned party in Mr. York's organization to whom we request you forward:

1. On April 24, 2007 Mr. York will present his request (proposal) for subsidy from City residents to the Santa Clara City Council to build a football stadium in Santa Clara. Will Mr. York also disclose all financial statements (balance sheets and income statements for the past three years) for the York family and the 49ers, in his proposal?

2. If not, why?

We believe that transparency must be a two way street. We anticipate you agree.

We look forward to receiving your email response by reply.

Thank you for your anticipated courtesies.

Karen Hardy & Byron Fleck

# **SINCE THERE IS NO ECONOMIC BENEFIT TO SANTA CLARA, WHY DOES ITS CITY COUNCIL STILL CONSIDER GIVING A BILLIONAIRE \$200 MILLION? <sup>1</sup>**

*By J. Byron Fleck and Karen Hardy<sup>2</sup>*

**O**n Monday, April 9, 2007, we published our first in a series of reports about Santa Clara City Council's continuing study to provide the 49ers billionaire owner, John York, a subsidy from Santa Clara City residents of \$180 million- \$200 million.<sup>3</sup> The funds sought from Santa Clara residents would replace a like amount, which, presumably, otherwise could and would come from Mr. York's own pockets, to build a \$850 million football stadium which would host 17 events annually.

We conclude in this report, there is absolutely no reason whatsoever that the Santa Clara City Council waste any further City Staff or consultant (\$200,000 budgeted) resources on a project which will produce no (if not negative) economic benefit to residents of Santa Clara. The reasons for our conclusion follow.

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<sup>1</sup> This report is another in a series prepared by the authors. Both oppose giving any subsidy to a billionaire.

<sup>2</sup> Byron Fleck is a resident, attorney and former City of Santa Clara Planning Commissioner. Karen Hardy is a teacher, community volunteer and City Planning Commissioner. The views expressed by Ms. Hardy are her own. They not intended to reflect the views of the Commission or the views any other member of the City of Santa Clara Planning Commission.

<sup>3</sup> Our first report is entitled *A Guide for Evaluating John York's Subsidy Request*. It is available to anyone who requests. Simply contact either author.

First, in our April 9 report, we provided the following facts. None were refuted by Jed York (son of John York, owner of his family's football operations), John York nor Conventions, Sports & Leisure ("CSL"), the consultant paid by the Yorks to prepare an "independent" study of the benefits of a Stadium,<sup>4</sup> with subsidy, to Santa Clara City and regional residents:

\* *CSL was previously retained by Al Davis, Managing Partner, Oakland Raiders, to prepare and present a similar "independent" economic assessment of economic benefits to the residents of Oakland and Alameda County in support for the expansion of the Oakland - Alameda Coliseum.*<sup>5</sup>

\* CSL has *never*, in any "independent" economic impact analysis commissioned, as here, by an NFL owner, *concluded that the detriment to residents exceeded any benefit to the residents*, of hosting a new stadium.

\* Neither York nor CSL challenged our April 9 report where we cited leading economists who said, *"[I]ndependent work on the economic impact of stadiums...has uniformly found that there is no statistically significant positive correlation between sports facility construction and economic development."*<sup>6</sup>

\* Neither the Yorks' nor CSL took issue, with an important conclusion of the authors report. *While there is absolutely no economic benefit to Santa Clara residents subsidizing a billionaire NFL owner to fund his dream stadium, on the backs of residents of decidedly more modest means, billionaire Mr. York will pocket an extra \$30 million annually as the result of a new stadium.*<sup>7</sup>

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<sup>4</sup> The authors report was presented to York and CSL in advance of York and CSL's April 10 presentation to the Santa Clara City Council about the purported benefits to the greater Santa Clara community, of a stadium subsidized by Santa Clara Residents.

<sup>5</sup> We presume readers know the consequences of Oakland / Alameda's decision to subsidize Mr. Davis.

<sup>6</sup> We could find no independent authority to the contrary. Citation to the quote and supporting authorities are found in the authors April 9 report.

<sup>7</sup> See, the authors April 9 report, citing Noll, Roger G., and Andrew Zimbalist. "Sports, Jobs, and Taxes: Are New Stadiums Worth the Cost?" *The Brookings Review*, Summer 1997, p. 35-39.

Second, after publication of Mr. York's self styled "independent" economic impact report, a real independent source conducted its own survey of experts.<sup>8</sup>

"Four prominent sports-finance experts say a report outlining the benefits of a San Francisco 49ers football stadium in Santa Clara is riddled with inaccurate assumptions and incomplete information - casting doubt on many of its projections."

Dennis Howard, a professor at the University of Oregon's Lundquist College of Business summed up CSL's report, and its underlying methodology, succinctly. "When you start peeling away the layers you realize how fragile this analysis is. It just doesn't stand up."

Specifically, we found the following observations particularly troubling:

- \* Omitted from the CSL report is the fact that ***a new stadium creates no new construction jobs***. Some workers filling those jobs would probably have been working on another construction project elsewhere. Conversely, the CSL report contends that 1,350 construction jobs would be created.
- \* ***Of the 900 jobs to be created within Santa Clara City, CSL cannot identify how many of these would be full time, part time or seasonal***. Intuitively, these jobs appear to be low skill temporary or seasonal positions. Stadium vendors, parking attendants and souvenir sellers immediately come to mind. ***Jobs which pay low wages, provide no healthcare*** benefits and unlikely to be staffed by many Santa Clara residents. More likely, these positions will be more likely than not staffed by the same people providing these services now. The only difference is that their place of business shifts to Santa Clara from San Francisco. Hence, "technically" these are the "new jobs created in Santa Clara."

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<sup>8</sup> San Jose Mercury News, "Economists call 49ers stadium forecast overly optimistic" Sec. 1B, April 10, 2007 [http://www.mercurynews.com/politics/ci\\_5632614](http://www.mercurynews.com/politics/ci_5632614)

Third, on April 10, Jed York and CSL presented their "independent" economic report to the Santa Clara City Council.<sup>9</sup> Minutes into the presentation, it became apparent that the logic of York's report was in trouble.<sup>10</sup>

Jed York introduced the report enthusiastically announcing to Council that "billions in new economic activity" would be generated by a new stadium. When CSL's representative rose to present its findings moments later, the "billions in new economic activity" pronounced by Mr. York, suddenly, and without explanation, shrunk to \$246 million.

While CSL's tone was upbeat and confident, especially in their repeated emphasis that the head spinning benefits to Santa Clara were calculated "conservatively," fine print not appearing in their power point presentation, gave us pause. Specifically, at page 23 of CSL's report, we found a series of qualifications and disclaimers which, in themselves, can reasonably give rise to a conclusion that CSL's report was a sales job as opposed to a serious examination of economic impacts, both positive *and* negative. For instance:

\* "CSL International does not make any representations or warranties as to the accuracy or completeness of the information provided to us. ***Information provided to us has not been audited or verified and has been assumed to be correct.***" [ed. Huh?!?] [ed. Given this disclaimer, we are baffled that CSL's report can be fairly described by anyone as "conservative" let alone "accurate.]"

\* "***Some assumptions inevitably will not materialize***, and unanticipated events and circumstances may occur therefore, actual results achieved during the analysis period may vary from those described in the report, ***and the variations may be material.***" [ed. Although the introductory clause suggests that CSL knows, in fact, that things won't turn out as rosy as stated in their report, nowhere in their report does CSL identify which assumptions "inevitably will not materialize." CSL does tell us, however, that "the variations may be material." In the authors' understanding, if a material fact turns out to be error, it must be a fact of such significance that a reasonable person would not go forward with the transaction. If CSL has not confidence in their own report, why should Santa Clara residents?]

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<sup>9</sup> CSL's full report may be found here.  
<http://www.ci.santa-clara.ca.us/pdf/collateral/49ers-EFIR.pdf>

<sup>10</sup> See, Video of Santa Clara City Council Meeting April 10, 2007.

\* ***"The report has been prepared to assist the 49ers in the assessment of the economic impacts and community benefits associated with the franchise and proposed new Santa Clara stadium and should not be relied upon for any other purpose, or by any other person or entity."***

*[ed. So, CSL's report is not "independent" as they expressly state at Page 1 of their report, after all. No one, like a city resident who experiences any adverse consequences (utility rate hike, perhaps?) or the City itself may rely (e.g., seek redress in court) on CSL's fantastic enumeration of benefits to Santa Clara residents.]*

To the extent one may be tempted to characterize CSL's qualifications and disclaimers above as mere "boilerplate," he / she is well advised to remember that the halls of justice are strewn with victims of "boilerplate." Whether it be a credit card application, insurance policy or promissory note, words matter. In the case of the CSL report, those qualifications and disclaimers must be given great weight, especially since so much is at stake for Santa Clara residents, for no economic benefit.



Finally, we direct your attention to an Op-Ed piece in The San Jose Mercury News *Perspective* section of April 15, 2007, authored by the leading authority on the subject of the true economic impacts of new stadium development, Professor Roger Noll at Stanford. We think this piece is so important, we have decided not to summarize its many key findings regarding the CSL report. Unlike CSL's report, Noll's study is truly independent. We hope that by dangling this tease, you will spend a few minutes reading and digesting Professor Noll's article for yourself. It is that important.<sup>11</sup> [http://www.mercurynews.com/opinion/ci\\_5672692?nclink\\_check=1](http://www.mercurynews.com/opinion/ci_5672692?nclink_check=1)

Bottom line, Professor Noll concludes that CSL's report, coupled with billionaire York's anticipated subsidy request, poses significant financial risk, while generating little if any benefit, to Santa Clara residents.

### **CONCLUSION**

There is no dispute among independent authorities. Providing public subsidies for new stadium construction is uniformly a loser to the effected community and its residents. Given that fact and given that CSL's economic impact report is discredited, it begs the question why the Santa Clara City Council would continue to waste hundreds of thousands in staff and consultant time, *and your money*, to investigate the idea of providing a subsidy *of your money* to a billionaire, where there is no benefit to Santa Clara residents.

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<sup>11</sup> The following articles were previously cited in our April 9 report. You may wish to read them for yourself.

Rappaport, Jordan, and Chad Wilkerson. "What Are the Benefits of Hosting a Major League Sports Franchise?" *Economic Review* (Federal Reserve Bank of Kansas City), First Quarter 2001, p. 55-86.

Siegfried, John, and Andrew Zimbalist. 2000. "The Economics of Sports Facilities and Their Communities," *Journal of Economic Perspectives*, Summer.

Noll, Roger G., and Andrew Zimbalist, eds. 1997. *Sports, Jobs, and Taxes: The Economic Impact of Sports Teams and Stadiums*. Washington: Brookings Institution Press.

**From:** Yvonne Galletta  
**To:** Carol McCarthy  
**Date:** 4/17/2007 5:52 PM  
**Subject:** Fwd: WOW! Did you see this in CSL's responses in report for tonight's Agenda item 5B?  
**Attachments:** csl49erHQ.pdf

Please see the attached.

>>> "Law Offices of J. Byron Fleck" <jbyronflecklaw@sbcglobal.net> 4/17/2007 3:43 PM >>>

What I find remarkable is the following statement made by CSL: "Also, if the stadium is not built in Santa Clara, the team would reconsider the location of the headquarters which would impact where players live."

At a minimum, if the Stadium was not built in Santa Clara and the 49ers HQ was relocated to another city, this would free-up 11 acres of prime real estate already owned by the City of Santa Clara for development, either through sale or lease.

Assuming sale (which, historically, the City has declined), 11 acres at \$1 million per acre = \$11 million. My sense is that current value is more like \$1.2 - 1.4 million.

Assuming lease, 11 acres = 479,160 square feet. Assume that only 1/2 of that area is developed (office or r&d). Therefore, 239,580sq. ft x \$3.00sq. ft. = rental income to the city of \$718,740 annually. And this is for a single floor!!!!

Assume a 4 story building having 958,320sq ft x 3.00sq ft. = rental income to the city of \$2,874,960 annually!!!!.

Of course, the optimum lease for the city would be a ground lease for an indeterminable number of potential uses. The examples above are merely illustrative.

Obviously, one can manipulate the total rental area and price. The point is, if we are talking about whether SC is better off with or without the 49ers, the answer couldn't be clearer! Losing the stadium is a HUGE net gain for the City because it frees up the 49ers facility to be let at market rates, instead of what the 49ers currently pay, \$25,000, or about what a modest two bedroom apartment charges in rent annually.

In any event, as staff moves forward in making its own economic impact evaluation limited to the City of Santa Clara, I'm sure that Staff will consider the benefit to the city of freeing up the 49ers facility, and leasing it, in some use, at market rates.

I would have passed this message on to all council members, but I don't have their email addresses on this computer.

Thanks for listening.

Byron Fleck

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